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Signature: /s/ April Grady	Position Title: Bureau Chief	Bureau: Contracts Management Bureau



PURCHASING CARDHOLDER STANDARD OPERATIONS PROCEDURE GUIDE

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ATTACHMENTS

Certification of Procurement Card Purchase PDF
[Employee Agreement](#) PDF
[Purchasing Card New Account Information Record](#) PDF

1. OVERVIEW

The purpose of the State of Montana Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and payment for Department of Corrections (DOC) transactions.

Purchasing Card usage will be reviewed on a regular basis and your purchasing card can be rescinded at any time. Purchasing card transactions are subject to audit at any time. You are the only person entitled to use your card! Use the purchasing card in accordance with DOC Policy 1.2.8.

This manual provides the guidelines under which you may utilize your Purchasing Card. Please read it carefully. Your signature on the attached Purchasing Card New Account Information Record and Employee Agreement indicates that you understand the intent of the program and agree to adhere to the guidelines established for the program. When you receive your DOC Purchasing Card, you may begin using it immediately upon receipt and activation. As you use your Purchasing Card, please contact DOC's Purchasing Agent if you have questions.

Record keeping is essential to ensure the success of this program. Purchasing and accounting policies require obtaining and retaining of receipts, competitive price quotations, etc. And as with any charge card, you must obtain and retain receipts for your protection and DOC's protection.

You are committing DOC funds each time you use the DOC Purchasing Card. This is a responsibility that cannot be taken lightly!

2. PROCUREMENT CARD PROCEDURES

2.1 TO OBTAIN A CARD

Please read the Purchasing Cardholder Policies and Procedures manual in its entirety before requesting your DOC Purchasing Card. This manual provides a variety of information about the process, the types of purchases that can and cannot be made, who will accept the card, records that must be maintained and reconciled monthly and miscellaneous information about the program.

After you read this manual and understand the procedures outlined, you must receive approval to request a Purchasing Card from your supervisor or administrator. Employees must read and sign the Procurement Card New Account Information Record (attached) and the Employee Agreement. Use your main office address as the address listed on the application to receive statements and correspondence related to the Purchasing Card. Please do not use any special characters in these fields. The application must be signed by the applicant and your supervisor or administrator. The completed application will then be forwarded to the DOC's Purchasing Agent.

When you receive your Purchasing Card, sign the back of the card and always keep it in a secure place. Although the Purchasing Card is issued in your name, **it is the property of the State, and can only be used for State of Montana purchases.**

When you receive your Purchasing Card you will be instructed to call U.S. Bank in order to activate your Purchasing Card. U.S. Bank will ask you for the last four digits of your social security number, because your card is issued to you without using your personal credit information, your social security number is never used. Please answer this question by using the **LAST FOUR DIGITS OF YOUR EMPLOYEE ID NUMBER.**

2.2 GENERAL INFORMATION

- This program helps to reduce the number of warrants issued, eliminate out of pocket lodging expenses and reduce travel advances.
- This program is NOT intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the program complements the existing processes available.
- You are responsible for the security of your Purchasing Card and the transactions made with your Purchasing Card. The Purchasing Card is issued in your name and it will be assumed that any purchases made with your Purchasing Card will have been made by you. Failure to comply with the guidelines established for this program may result in severe consequences, up to and including termination of employment. Keep your Purchasing Card in an accessible – but secure – location.
- Guard your Purchasing Card account number carefully. Do not post it at your desk or write it in your day planner.
- The only person entitled to use the Purchasing Card is the person whose name appears on the face of the card. (See Exception in Section 2.4) Do not lend your Purchasing Card to another person for use. If you are going to be absent from the office for an extended period, your supervisor may request that a new Purchasing Card be issued to a different person for the duration of your absence.

2.3 EXAMPLES OF WHEN THE CARD MAY BE USED

- The Purchasing Card may be used to purchase from State Contracts. In accordance with the State Procurement code, please remember that any transaction or reoccurring transaction that is not on contract and exceeds \$5,000.00 requires submittal of a Requisition to the Agency Coordinator in Helena and must go through the Agency Coordinator's formal bid process.
- The Purchasing Card may be used for individual transactions commensurate with the amount authorized by your supervisor. Splitting charges to stay within your assigned limits constitutes a violation of policy. In some instances, it may also be a violation of procurement law.
- The Purchasing Card may be used for in-store purchases as well as mail, e-mail, Internet, telephone and fax orders.
- Subscriptions, seminars, books and video tapes.
- **IT use only** – Computer, software.

2.4 EXAMPLES OF WHEN THE CARD MAY NOT BE USED

- Lodging costs for relocations
- Tuition Reimbursement
- Any merchant, product, or service normally considered to be inappropriate use of DOC funds.
- Cash Advances (ATMs).
- Per Diem expenses (meals), Gratuity

- Services (e.g., Janitorial, Electricians, Counselors etc.) require DOC to issue a 1099 at tax time. Payments for maintenance and repair services including parts and materials, if incidental to the repair, should **not** be paid with a Purchasing Card since these services require 1099 reporting.
- Rents (rental units, leases of land, lease or rental of buildings, homes, offices, conference rooms, and equipment rental) require DOC to issue a 1099 at tax time.
- Health and medical services (1099 reportable).
- Standard Merchant Category exclusions (e.g., liquor stores, cigar stores, jewelry stores, etc.).
- Personal Use.
- Fuel for State owned vehicles. Use the State's fueling card for these purchases.
- Entertainment (movies, sporting events, etc).
- Controlled Commodities; unless ordering from established contracts.

2.5 BUILT-IN RESTRICTIONS

The Purchasing Card can be used by any vendor or merchant who accepts Visa and is in a Merchant Category group that was approved for your Purchasing Card. Your Purchasing Card has also been given specific spending limits. The spending limit is set at a default amount of \$5,000.00 per month, which must be approved by the employee's supervisor. Any changes in the spending limit must also be approved by the supervisor. The DOC's Purchasing Agent can tell you the limits that were set for your Purchasing Card.

If you experience denials when trying to use your Purchasing Card, contact U.S. Bank Customer Service with the date, dollar amount and approximate time of the attempted purchase, along with the merchant's name. They will be able to investigate what caused the denial. If you need your spending limits changed, the request must be sent to the DOC's Purchasing Agent with signed approval from your authorizing supervisor.

3. RECEIPTS AND TRANSACTION LOG

- If you purchase via phone, fax, mail, e-mail, or other electronic means, ask the supplier to include an itemized receipt with the goods when the product is shipped to you. If you are ordering online, either print a receipt (if available) or do a print screen to verify your order. It will be used for receipt tracking purposes.
- The employee is responsible for obtaining a receipt for all transactions. Receipts must be attached to the monthly procard transaction log and delivered to the Procard Accountant.
- Maintain a transaction log for all purchases. Retain all receipts, sales slips, and register receipts. Mail transaction log and receipts/slips by the 21st of every month to: Department of Corrections, Procard Accounts, Attn: Carrie Villa (444-0404) 5 S. Last Chance Gulch, Helena, MT 59601. Follow Department procedures for management approval of your charges, by ensuring that your supervisor signs your transaction log.
- If you cannot get a receipt or fail to get a receipt, you must complete the Certification of Procurement Card Purchase form and submit it to your accounting office in lieu of a receipt. Cardholders who have three or more instances of failing to provide receipts will have their purchasing card suspended or cancelled.

- You are responsible for the transactions identified on your statement. If a transaction is reviewed and questions arise on your account, both you and DOC's accounting office are contacted to produce receipts and/or proof that the transaction occurred. If an error is discovered, you or DOC's accounting office is responsible for showing that the error or dispute resolution process was completed. See 4.0 for transaction dispute information.

NOTE: Your activity will be reviewed on a regular basis and may be audited at any time.

4. DISPUTED TRANSACTIONS

There may be occasions when items on your statement do not correlate with your retained receipts. You may not have made the transaction, the amount of the transaction may be incorrect, or you may have a quality or service issue.

- First, contact the supplier involved to try to resolve the error. If the supplier agrees that an error has been made, he/she will credit your account. Highlight the transaction in question on the statement as a reminder that the item is still pending resolution.
- Second, if the supplier does not agree that an error has been made, contact U.S. Bank Customer Service using the 800 number on the back of your Purchasing Card. State that you would like to dispute a charge on your Purchasing Card. You will be asked to submit the information in writing so that U.S. Bank can research the disputed item. You must fax or mail the completed Purchasing Cardholder Dispute Form to U.S. Bank within 60 days of the statement date. Disputes will then be resolved by U.S. Bank within 90 days. If a dispute is not identified in writing to U.S. Bank within 60 days of the statement date the issue must then be resolved between DOC and the supplier.
- The amount of the next invoice will be reduced by the amount of the disputed item until the transaction in question is resolved.
- If there is a billing error on your statement, contact U.S. Bank Customer Service.
- Nearly all exceptions can be managed using the first two steps. If you have been unable to obtain an acceptable resolution, call the DOC's Purchasing Agent.
- If a dispute is resolved in your favor, the supplier or U.S. Bank will initiate a credit to your account within 30 days.
- DOC's Agency Coordinator must be notified of any discrepancies.

5. PAYMENT

The U.S. Bank Purchasing Card Program carries corporate, not individual, liability. You will not be required to pay your Monthly Statement using personal funds. The program does not impact your personal credit rating in any way.

6. PROCARD CHANGES

Changes to your Purchasing Card account (name, phone number, spending limit, etc.) must be pre-approved by your supervisor and submitted the DOC's Purchasing Agent.

7. LEAVING DOC OR CARD NO LONGER NEEDED

First, have your supervisor or administrator notify the Agency Coordinator to close your account. Then, cut your card in half and give it to your supervisor. Your supervisor will mail the cut card to the DOC's Purchasing Agent.

Your card should be returned to the Agency Coordinator if:

- You leave DOC
- Move to a new division or position
- Your account needs to be closed for any other reason

8. LOST OR STOLEN CARDS

The U.S. Bank Purchasing Card is DOC's property and should be secured just as you would secure your personal credit cards. If your Purchasing Card is lost or stolen, notify the Agency Coordinator, and contact U.S. Bank Customer Service immediately! (800-344-5696) Written confirmation of cancellation must then be accomplished by mail or fax to the DOC's Purchasing Agent.

Upon receipt of your call, further use of the card will be blocked. Prompt action in these circumstances can reduce the company's liability for fraudulent charges.

9. SALES TAX

You should NOT pay sales tax. Should you have additional question regarding sales tax, contact the DOC's Purchasing Agent.

10. TRANSACTION REVIEW

Your Purchasing Card transactions may be reviewed at any time. You and your accounting office may be asked to provide copies of your receipts and/or statement or asked for additional information. Following is a list of just some of the people that may review your transactions.

Accounting Staff

Department Financial Managers

Director's Office

Legislative Auditors

Supervisors

Quality Assurance Bureau

When a request is made for receipts, please reply promptly. If there is a valid reason why you cannot reply promptly (traveling, deadline to meet, etc), please apprise the requesting party ASAP.

Requests are not meant to imply that the cardholder has done anything wrong. The requests are a method to insure the integrity of the Purchasing Card program.

11. REPORTING CARD ABUSE

If you suspect that a Procurement Card is being abused in any way, you should report the suspected abuse immediately. Abuse is when a cardholder is using the Purchasing Card inappropriately. When reporting the abuse, please provide the reason that you suspect abuse, cardholder name and any other pertinent information.

The abuse should be reported to one or all of the following:

- DOC's Purchasing Agent.
- Your supervisor or administrator.

Notification can be done in one of the following ways:

- Phone
- Fax
- Email
- Letter

Remember: The sooner you report abuse, the sooner DOC can investigate and take any necessary action.

12. REPORTING FRAUD

Fraud occurs when someone other than the cardholder uses the Purchasing Card or the Purchasing Card number to make a purchase without the cardholder's knowledge or consent.

-OR-

Fraud occurs when the cardholder uses the Purchasing Card for personal use with the intent to defraud DOC.

If you suspect that your Purchasing Card has been compromised and is being used without your knowledge or consent, notify U.S. Bank and the DOC's Purchasing Agent immediately.

13. INAPPROPRIATE CARD USE

Inappropriate card use includes use of a card for personal and/or non-state items, use of a card without the knowledge or consent of the employee assigned to the card, and allowing/loaning use of a card not assigned to the employee.

13.1 FIRST OFFENSE

13.1.1 Violation letter sent to the cardholder and the respective administrator from the DOC's Purchasing Agent.

13.1.2 Depending on the circumstances, the purchasing card may be suspended or cancelled.

13.1.3 Cardholder must sign a new Employee Agreement.

13.2 SECOND OFFENSE

13.2.1 Purchasing Card will immediately be suspended.

13.2.2 Cardholder's Administrator must send a written request to the Director for re-activating the Purchasing Card. The letter must provide a justification as to why the employee needs to have a Purchasing Card and how the specific administrator intends to monitor future purchases made by the cardholder.

13.2.3 Cardholder must sign a new Employee Agreement.

13.3 THIRD OFFENSE

13.3.1 Purchasing Card will immediately be cancelled.

13.3.2 NOTE: Depending on the circumstances surrounding the inappropriate card use, the employee may be subject to progressive disciplinary action in accordance with the Department of Administration's Discipline Handling Policy (#3-0130).

13.3.3 The DOC's Purchasing Agent will review the circumstances behind the inappropriate card use, if intentional misuse is suspected the Accounting and Quality Assurance Units (QAU) will be notified. The QAU will investigate the circumstances in more detail and their review may result in notification to the Legislative Audit Division and the Attorney General's Office, as required by state law.

14. SUMMARY

The program is designed to be simple and easy to use, providing users with the materials needed to perform job duties more quickly and efficiently. However, appropriate controls must also be maintained to ensure the ongoing success of the program.

We ask you to exercise good judgment and act responsibly when using your Purchasing Card. The Purchasing Card is issued in your name, and all activity will be assumed to have been incurred by you. Receipts must be retained and reconciled with the monthly statement.

In addition, random audits may be conducted for Purchasing Card activity and retention of receipts/sales slips. Consequences, ranging from suspension of Purchasing Cards to termination of employment, will be invoked for improper use of the program.

If you have any questions about the program or need additional information, please contact the DOC's Purchasing Agent

15. RESOURCES FOR ANSWERING QUESTIONS:

For card limits, lost or stolen cards, purchasing related questions, card issuance, contact the DOC's Purchasing Agent:

Purchasing Agent:

Name: Val Hartman

Phone: 406-444-4236

Fax: 406-444-9818

Address: 5 S. Last Chance Gulch
Helena, MT 59601

Contracts Management Bureau Chief:

Name: April Grady

Phone: 406-444-4941

Fax: 406-444-9818

Address: 5 S. Last Chance Gulch
Helena, MT 59601

15. RESOURCES (CONTINTUED...):

Administrative & Financial Services Division Administrator:

Name: Pat Schlauch
Phone: 406-444-4939
Fax: 406-444-9818
Address: 5 S. Last Chance Gulch
Helena, MT 59601

Accounts Payable Supervisor:

Name: Sarah Martinez
Phone: 406-444-4291
Fax: 406-444-9818
Address: 5 S. Last Chance Gulch
Helena, MT 59601

Procard Accountant

Name: Carrie Villa
Phone: 406-444-0404
Fax: 406-444-9818
Address: 5 S. Last Chance Gulch
Helena, MT 59601

To report lost or stolen cards, or for information on rejected transactions:

U.S. BANK CUSTOMER SERVICE
1-800-344-5696
TOLL FREE, 24 HOUR, 7 DAYS PER WEEK SERVICE

16. FREQUENTLY ASKED QUESTIONS

What should I do if I have a problem with my Purchasing Card? Lost or stolen? Monthly statement is incorrect?

- Immediately call 1-800-344-5696 to resolve it with U.S. Bank.
- Mail or fax a written confirmation to U.S. Bank.
- Notify the Agency Coordinator.

What are the reasons for termination of cardholder privileges?

- Non-authorized purchases.
- Non-compliance with purchasing policies.
- Personal expenditures.
- Failure to retain adequate documentation & control.
- Position no longer requires use of a card.
- Administration believes it's in the best interest of the State.

What are my purchasing limits? Who determines the limits?

- Monthly limits: vary
- Transaction limits: vary
- Your supervisor and the Agency Coordinator determine your limits.

What if I lost a receipt?

- You will need to contact the vendor and get a copy of the receipt.
- If you cannot obtain the receipt, you must complete the Certification of Procurement Card Purchase form.
- If it's a consistent problem, it could lead to card termination.

How is the monthly bill actually paid?

- Each month, the State of Montana makes an automatic electronic payment to U.S. Bank.

Will the Purchasing Card have any impact on my personal credit?

- No. The Purchasing Card is a corporate liability card and not a personal liability card.